

# SURPLUS PROPERTY STUDY

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## Joint Transportation Committee

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# Study Proviso

- Proviso in the 2013-15 Transportation Budget
- JTC to study and review
  - the use of surplus property proceeds to fund WSDOT facility replacement projects, and
  - possibility of using WSDOT North-Central region as a pilot project
- JTC work with OFM and WSDOT

# Study Issues

- Identification of WSDOT properties
  - Facilities for agency operation
  - Other property holdings
- Disposal process
- Proceeds from sales
- Facility needs
- Legislative alternatives

# Recent Studies and Plans

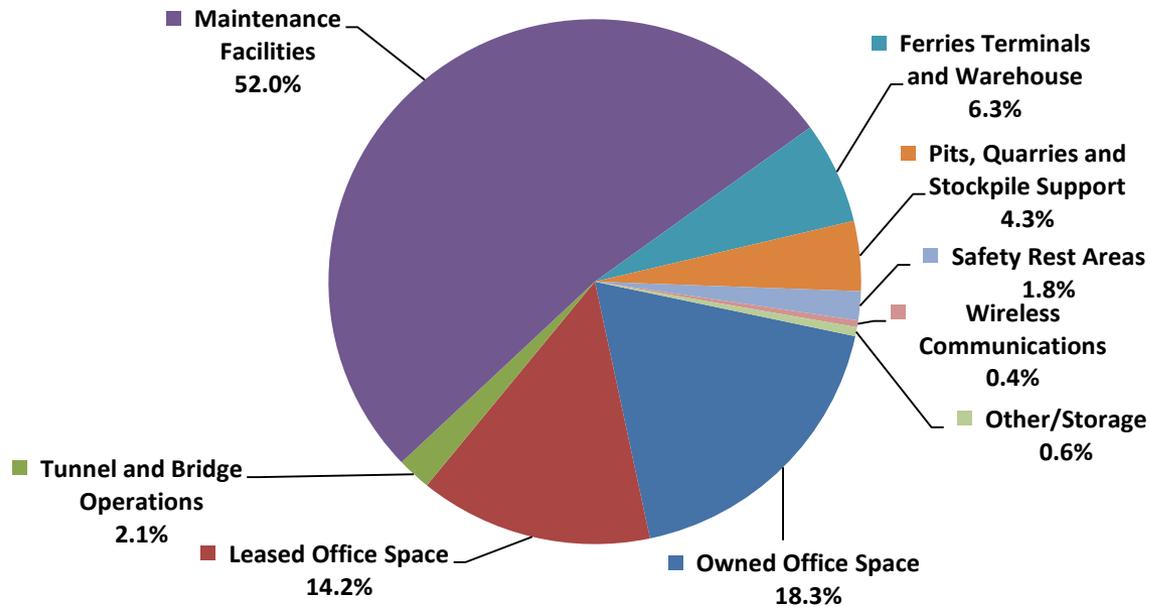
- 2008 Statewide inventory of all WSDOT surplus property to identify its future use or to sell
- 2011 Legislature called for improving WSDOT real estate management practices and procurement
  - Identified facility needs
  - WSDOT established the Facilities and Lease Board

# 2013 Legislative Actions

- WSDOT to develop a Facilities and Property Oversight Plan
  - Inventory of buildings
  - Land inventory
  - Prioritized list of facilities and identify funding
  - Options for facility cost savings and regular evaluation
  - List of surplus property
- JTC-Study Surplus Property Sales to Fund Facilities

# WSDOT Facilities

- WSDOT manages 1,400 buildings, 500 separate sites
- 3.7 million SF of building space



# WSDOT Facilities

- Maintenance facilities—52% of the space
- Offices—32% of the space
- Facilities are throughout the state

Regional Distribution of Office and Maintenance Facilities					
Location	Office Facilities (Square Feet)			Maintenance Facilities	
	Owned	Leased	Total Office	Buildings and Structures	Square Feet
Headquarters	7,353	328,721	336,074	12	73,073
Northwest Region	249,007	18,998	268,005	205	424,750
North Central Region	29,775		29,775	72	270,636
Olympic Region	72,011	28,648	100,659	125	299,133
Southwest Region	157,448	15,569	173,017	91	223,513
South Central Region	95,583	6,983	102,566	107	333,614
Eastern Region	69,277	7,364	76,641	103	270,125
Washington State Ferries	6,087	124,703	130,790	4	54,297
<b>Totals</b>	<b>686,541</b>	<b>530,986</b>	<b>1,217,527</b>	<b>719</b>	<b>1,949,141</b>

# Facility Needs

- WSDOT identifies \$ 212 million in needs over next 10 years
- Estimated needs are \$30-40 million/ biennium (\$21.5 million in 2013-2015 in WSDOT budget)

Region	High Priority Replacement Projects	Total Rating*	Estimated Costs
Olympic	Region Headquarters Facility	16	\$ 52,232,000
Northwest	NWR Maintenance Facility	16	\$ 14,400,000
Northwest	Northup Maintenance Facility	14	\$ **4,400,000
Northwest	Corson Avenue Improvements	12	30,000,000
North Central	Wenatchee Administrative Bldg.	12	\$ 9,650,000
Eastern	Spokane Regional Signals Maint. Fac.	12	\$ 3,700,000
Southwest	Vancouver Light Industrial Facility	12	\$ 30,000,000
<b>12 Other Facilities</b>			\$ 58,504,000
<b>Total 18 Facilities</b>			\$ 202,886,000
Statewide	Facility Minor Improvement Projects		\$ 8,810,000
<b>Total</b>			<b>\$ 211,696,000</b>
*Rated 1-5, with 5 being least desirable. Four criteria: Deficiencies for Occupancy, Preservation and Operations, and Beyond Useful Life. **\$1.8 M in 2013-15 Budget.			

# Property Inventory

- Numbers are dynamic—as of Sept. 1, 2013
  - Over 530,000 acres
  - Over 7000 properties
    - 4200 right-of-way
    - 1400 future use
    - 1400 disposal

# Surplus Properties

- Surplus inventory is very dynamic
- Since 2008, 266 properties has grown to about 500
  - 51—Retain
  - 17—Hold for future actions
  - 35—In disposal process
  - 241—To be reviewed
  - 155—Public initiated
- 41—Sold for \$4.7 million

# WSDOT Property Sales

(\$ in millions--rounded)

Fiscal Year	Property Sales*	Property and airspace leases	Total
2009	\$ 4.1	\$ 1.8	\$ 5.8
2010	\$ 1.5	\$ 1.0	\$ 2.6
2011	\$ 5.4	\$ 1.2	\$ 6.6
2012	\$ 3.6	\$ 1.4	\$ 5.0
2013	\$ 3.7	\$ 2.0	\$ 5.6
<b>Totals</b>	<b>\$ 18.2</b>	<b>\$ 7.4</b>	<b>\$ 25.6</b>

\*Includes contract payments—approximately \$900,00 per year.  
Totals are correct, columns may not add because of rounding.

# Use of Revenue to Finance Capital Needs

- Three ways to finance capital facilities
  - Cash
  - Trade
  - Financing
- Capital plan
  - Cash for projects under \$5 M
  - Consider finance or trades for projects over \$5 M

# North Central Region Proposals

- Pilot program
- Consolidate two maintenance facilities
  - Eliminate Blewett Pass and Leavenworth facilities
  - New facility at Peshastin (SR 2 and 97 Junction)
- Consolidate two administrative facilities
  - Move regional office from downtown Wenatchee
  - Construct new facility at existing office site
- Use surplus property sales statewide to finance shortfall

# Study Observations

1. WSDOT should sell properties for which it has no future need
2. The property inventory is dynamic
  - Number of properties continue to grow
  - Identified surplus and unsolicited offers from public
  - Property values change
3. For certain properties, the costs of property sale exceed sales price
4. It may be desirable to take a loss in selling a property to reduce ongoing cost and liability

# Study Observations (con't)

5. Certain surplus property legal requirements delay property sales and add to cost of selling
6. 1,400 WSDOT properties are currently identified as surplus, 384 estimated with value of \$ 33 M
7. WSDOT's facility capital program is \$21.5 million out of a \$4.9 billion capital budget
8. WSDOT estimates unfunded needs for its facilities program at \$210 million; \$30-40 million per biennium

# Options for Improvements in WSDOT Surplus Property Process

1. Shorten notice requirements to local governments from 60 to 30 days
2. Reduce surplus property auction advertising requirements
  - from legal and classified section to either section
  - eliminate post-auction advertising for properties or raise threshold from \$10,000 to \$50,000

# Options for Surplus Property Process

## 3. Bundle the sale of low-value properties

- Bundle the sale of several properties together
- Process several properties at the same time (valuation; advertising; sales process)

## 4. Incentivize the sale of surplus property

- Use sales proceeds for prioritized list of projects
- Use sales proceeds for projects within the region
- Use sales proceeds for a pilot project in a region

# Options for Surplus Property Process

5. Increase funding or shift resources for surplus property
6. Evaluate fair market value requirement
  - Fair market value can be a barrier
  - Reflect cost-of-sale in identifying sales price
  - Include cost of ownership in determining sales price
7. Initiate other steps to expedite surplus property sale

# Surplus Property Study

- Questions?
- Comments?